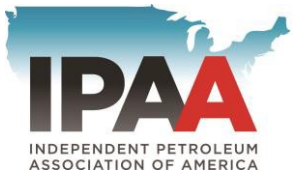








May 15, 2026

Bureau of Ocean Energy Management (BOEM)
Office Director, Office of Regulatory Affairs
Attn: Ms. Karen Thundiyil
1849 C Street NW
Washington, DC 20240

**Re: *Risk Management and Financial Assurance for OCS Lease and Grant Obligations,* RIN 1010-AE26**

Dear Ms. Thundiyil:

The Gulf Energy Alliance (GEA), the Independent Petroleum Association of America (IPAA) the U.S. Oil and Gas Association (USOGA), the Southeast Oil and Gas Association (SOGA), the Mississippi Energy Institute (MEI), the Louisiana Oil and Gas Association (LOGA), and the American Energy Institute (AEI) (hereinafter "the Associations") respectfully submit the following comments in response to the Bureau of Ocean Energy Management's proposed rule entitled *Risk Management and Financial Assurance for OCS Lease and Grant Obligations*, 91 Fed. Reg. 11212 (March 9, 2026) (to be codified at 30 C.F.R. pts. 550, 556, and 590) ("the Proposed Rule").

The GEA is a coalition of leading independent oil and natural gas producers and allied organizations supporting policies and regulations that encourage sustainable investment, innovation, and job creation in the Gulf of America (GOA). Almost all our members are focused

exclusively on producing oil and natural gas from the GOA. Independent oil and gas companies may not be household names, but independents are responsible for approximately 35% of the total Outer Continental Shelf (OCS) oil and natural gas production.[1] Independent oil and natural gas companies are small businesses that also support a host of other small businesses across the Gulf South and throughout the country, including steel manufacturers, longshoremen, vessel providers, seamen, laborers, construction workers, shipyard workers, and equipment manufacturers.[2]

The Independent Petroleum Association of America (IPAA) is a national upstream trade association representing thousands of independent oil and natural gas producers and service companies across the United States. Independent producers operate 95 percent of the nation's oil and natural gas wells, and are responsible for 85 percent of U.S. oil production and 90 percent of natural gas production onshore.

The USOGA's mission is to promote national public policy that supports exploration and production for the domestic oil and natural gas industry. It is the nation's oldest oil and gas trade association, founded in 1917.

The SOGA serves the oil and gas industry for Mississippi and Alabama, seeking productive public policy outcomes that further the industry's success.

The MEI's mission is to conduct research and develop coordinated state-level policies that support a reliable, expanding, and environmentally responsible energy portfolio; to understand and engage in the national energy debate; and to take advantage of market opportunities ensuring Mississippi's economic development competitiveness.

The LOGA has been representing the independent and service sectors of the oil and gas industry in Louisiana since its founding in 1993.

The AEI is a non-profit organization dedicated to informing the national discussion about energy and the environment and advocating for policies that promote economic freedom and advance the human condition.

## I. Introduction and Overview

The Proposed Rule corrects fatal flaws in BOEM's 2024 Final Rule entitled *Risk Management and Financial Assurance for OCS Lease and Grant Obligations*, 89 Fed. Reg. 31544 (Apr. 24, 2024) ("2024 Final Rule"). Those flaws resulted from BOEM's willful failure to account for prior federal law that protected American taxpayers from almost all decommissioning liability and has governed the course of commercial dealing between OCS producers for decades. To put BOEM's prior errors—and the Proposed Rule's necessary fixes—in proper context, the Associations briefly sketch the historical record before commenting on BOEM's specific proposals in the Proposed Rule.

[1] Calculated from Bureau of Safety and Environmental Enforcement, "Production by Operator Ranked by Volume," Gulf of America Region, https://perma.cc/VFR3-XVKJ and https://perma.cc/SB7Y-2WV3 (last visited May 15, 2026).

[2] While the Associations' comments refer to "lessees" or "owners," these comments apply equally to grant holders. The signatories to this letter are sometimes referred to collectively as "we" or "our."

Offshore oil and gas development began in the GOA in the 1940s. Early producers were major oil and gas companies—some of the largest corporations in the world. In the ensuing decades, the majors' extraction technologies and capabilities evolved, allowing them to move to progressively deeper waters while continuing to extract mineral resources from their shallow-water properties.

But during roughly the last four decades, those shallow-water properties became less profitable for the majors. In response, and consistent with federal law, the majors have sold most of their shallow-water properties to focus more exclusively on deepwater opportunities.[3] The buyers in those transactions have almost always been smaller, independent oil and gas companies, whose scale and efficiency allow them to operate those shallow-water properties safely and profitably.

In those transactions, the majors faced a choice. Existing federal law has long imposed a joint-and-several liability regime for decommissioning obligations. That is: Under federal law, each producer bears liability for the costs of decommissioning any infrastructure that exists on a property when the property is sold to another producer. 30 C.F.R. § 556.604(d); *id.* § 556.710. Knowing that, majors selling their properties could maximize the sale price, then use their large cash proceeds to invest as they deemed appropriate. Or they could accept reduced cash consideration but demand that the buyer also provide financial assurance upon which the seller could draw at a later point. In many cases, the majors opted to maximize the sale proceeds rather than require security to cover their potential joint-and-several decommissioning liability.

For the past decade, BOEM has threatened—and subsequently adopted in the 2024 Final Rule—a regulatory framework that disregards federal law's longstanding joint-and-several liability system, effectively re-trading those transactions in favor of the majors. This problem dates to BOEM's Notice to Lessees 2016-N01, which overhauled the financial assurance process for oil and gas infrastructure on the OCS (the "2016 NTL"). That problem culminated in the 2024 Final Rule, which imposed devastating new "supplemental" financial assurance requirements even for those lessees with financially strong (and jointly and severally liable) predecessors in the chain of title.

In the 2024 Final Rule, BOEM claimed that it was responding to some thirty post-2009 bankruptcies involving lessees that did not have sufficient financial assurance to cover their decommissioning liabilities. 89 Fed. Reg. at 31545. But BOEM never even tried to reconcile the purported basis for its actions—protecting the American taxpayer from decommissioning costs—with preexisting federal law or with the undisputed historical record confirming that joint and several liability had already successfully accomplished the same thing. Since OCS development began in the 1940s, American taxpayers have borne a minuscule amount of liability for OCS decommissioning costs. Yet the 2024 Final Rule sought to impose between $5.9 billion and $8.5 billion in new cost burdens on current lessees—almost all of them on independent oil and gas producers. *Id.* at 31564. Had the 2024 Final Rule been implemented, those billions in additional costs would have gutted BOEM's stated goals. The 2024 Final Rule would have devastated the financial health of most independent producers, delayed decommissioning activity, harmed the environment, weakened domestic oil and natural gas production, strengthened the position of other oil-producing countries that pose national security risks to the United States, increased oil prices and related consumer costs, and generally damaged the domestic economy and the American people.

[3] Federal decommissioning regulations rightfully apply to the entire OCS. But the Associations recognize that the bulk of offshore infrastructure slated for near-term decommissioning is in shallower waters.

In reality, the 2024 Final Rule sought to benefit major oil and gas companies, with no corresponding benefit whatsoever for American taxpayers. Had it been fully implemented, the 2024 Final Rule would have effectively relieved the majors of their contingent joint-and-several decommissioning obligations as predecessors-in-title. But those predecessor companies drilled the wells, installed the offshore infrastructure, and took substantial profits from the oil and gas production. They then further profited by selling those properties to independent producers in arm's-length transactions that accounted for the predecessors' continued decommissioning liability via higher sales prices or security guarantees. Fairness and reliance interests in the joint-and-several regulatory system that has successfully protected U.S. taxpayers from decommissioning costs since OCS development began demand that these predecessors not be shielded—at the expense of smaller, independent companies—from the liability they voluntarily incurred.

Accordingly, the Associations applaud BOEM for pausing implementation of the aberration that is the 2024 Final Rule and issuing the Proposed Rule. The Associations agree now—as they always have—that the goal for BOEM's financial assurance program must be "the protection of the American taxpayers from exposure to loss associated with OCS development, while ensuring that the financial assurance program does not detrimentally affect offshore investment or position American offshore exploration and production at a competitive disadvantage." 91 Fed. Reg. at 11216. The Associations contend that the Proposed Rule properly strikes that critical balance, creating a common-sense supplemental financial assurance framework that protects the American taxpayer without driving business, royalties, jobs, and new investment out of the GOA. And the Associations commend BOEM for meeting its rulemaking obligations to "display awareness that it is changing position" and "show that there are good reasons for the new policy." *Encino Motorcars, LLC v. Navarro*, 579 U.S. 211, 221 (2016) (quoting *FCC v. Fox Television Stations, Inc.*, 556 U.S. 502, 515 (2009)).

It is vitally important that the Proposed Rule, with minor modifications, promptly become a final rule. Regulatory uncertainty regarding this specific issue has hindered investment in the GOA for ten years. At such a tenuous time for the offshore oil and gas industry, finalizing the Proposed Rule will provide necessary regulatory certainty, respect market participants' previous bargains, and allow this critical sector of the American economy to flourish—all to the benefit of taxpayers, state and local governments, and the United States itself.

## II. The Importance of the Gulf of America

The GOA's value and strategic significance to the country cannot be overstated. On his first day in office, President Trump emphasized "the policy of the United States" to "encourage energy exploration and production on Federal lands and waters, including on the Outer Continental Shelf, in order to meet the needs of our citizens and solidify the United States as a global energy leader long into the future." Exec. Order 14154, *Unleashing American Energy*, § 2(a) (Jan. 20, 2025). He also emphasized the country's policy "to protect the United States's economic and national security and military preparedness by ensuring that an abundant supply of reliable energy is readily accessible in every State and territory of the Nation," *id.* § 2(c), and "to ensure that all regulatory requirements related to energy are grounded in clearly applicable law," *id.* § 2(d). Consistent with the President's statements, the Secretary of the Interior issued an order directing his subordinates to review the 2024 Final Rule to determine whether it should be "suspend[ed], revise[d], or rescind[ed]." Secretarial Order No. 3418, *Unleashing American Energy*, § 4(b) (Feb. 3, 2025).

Those executive acts comport with Congress's longstanding directives.

### A. The Gulf of America's oil and natural gas production and economic impact.

The Outer Continental Shelf Lands Act (OCSLA) provides that "the outer Continental Shelf is a vital national resource held by the Federal Government for the public, which should be made available for expeditious and orderly development." 43 U.S.C. § 1332(3). The GOA has proven to be a vital resource for the country, providing 15% of domestic crude oil production and 97% of all domestic offshore oil and natural gas production.[4] It has created a vibrant supply chain of shipyards, ports, vessels, drilling rigs, and manufacturing and repair facilities along the Gulf Coast and generated hundreds of thousands of jobs in those States throughout the country. A recent study projected that offshore oil and gas activity will support an average of nearly 362,000 jobs annually between 2025 and 2040.[5]

The financial impact of OCS development is nothing short of astounding. Government revenues from OCS oil and natural gas royalties, lease bonuses, and rentals are projected to average $7.3 billion annually over the same 15-year period, with states collecting $360 million annually.[6] These funds are used to support several important government programs across the country, including the Land and Water Conservation Fund (LWCF). The LWCF is responsible for funding conservation programs in all 50 states, including programs such as the Outdoor Recreation Legacy Partnership Program, which provides funding to build and repair parks in economically distressed urban neighborhoods. The LWCF is projected to receive $1.3 billion annually from OCS revenues between 2025 and 2040.[7] Offshore oil and gas production is also the largest contributor to GOA coastal restoration, conservation, and hurricane protection, providing a record $460.9 million in FY 2025 alone through state-revenue sharing.[8]

### B. Demand for oil and gas will continue for decades.

Global demand for oil and natural gas will continue for decades. The Energy Information Administration recently projected that even in 2050, "U.S. crude oil production will hover between 12.4 million barrels per day (b/d) and 12.7 million b/d."[9] The world's population continues to grow—most rapidly in regions of the world with higher rates of poverty and underdeveloped energy resources. In these developing areas, affordable and readily available energy is necessary for raising standards of living, improving quality of life, and expanding economic opportunities. Those areas will continue to rely on oil and gas regardless of prevailing energy policies in the developed world. Even in the developed world, oil and natural gas will continue to serve an essential role in meeting growing energy demands. No market-based energy supply chain currently envisioned or under development could dampen the world's continued reliance on oil and gas for

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[4] American Petroleum Institute, *The Gulf of Mexico: America's Offshore Energy Supply* (2024), https://perma.cc/8TZ2-4CB8.
[5] Energy & Industrial Energy Partners, *The Economic Impacts of a Consistent Offshore Oil and Natural Gas Legislated Leasing Program*, at 5 (January 2025), https://perma.cc/A3SP-QGRB.
[6] *Id.*
[7] *Id.*
[8] U.S. Department of the Interior, *Interior Department Makes Record Breaking Disbursement of $460.9 Million to Gulf of America States* (March 27, 2026), https://perma.cc/QWG2-SQJF.
[9] U.S. Energy Information Administration, *Annual Energy Outlook 2026*, at 21 (April 2026), https://perma.cc/EFZ5-MP7L.

the foreseeable future.

With demand for oil and gas remaining constant or increasing for decades, America's choice is simple: produce oil and gas at home and reap the economic and environmental benefits that come with that production, or import the oil and gas we need from foreign countries that do not impose appropriate environmental safeguards and who are often hostile to our national interests. This choice is not hard. Nor need BOEM make it; Congress already has. *See* 43 U.S.C. § 1332(3); *id.* § 1802.

### C. Gulf of America production is critical for energy and national security interests.

As recent events in the Strait of Hormuz have reminded us, domestic oil and natural gas production is vital to the country's energy and national security interests. But this is just the latest reminder. The global COVID-19 pandemic exposed the risks from inadequate domestic supply chains for critical materials. The events in Ukraine further solidified the need for the United States to be energy independent. Russia's invasion of Ukraine caused global energy prices to spike, and Russia used oil and gas supplies as a geopolitical weapon. In 2023, Russia remained the world's second-highest producer of crude oil and the third top exporter of natural gas.[10] Given its vast oil and gas reserves, if Russia again chose to use energy supplies as a geopolitical weapon, Russia could immediately throw energy markets into turmoil, cause sweeping economic devastation, and create energy scarcity around the world. And other major oil and gas producing countries such as Iran and other members of the Organization of the Petroleum Exporting Countries (OPEC) have also proven to be unreliable partners in ensuring the country's energy security. In short, continued robust domestic production is vital to ensuring that the United States is not beholden to the whims of foreign governments.

## III. The 2024 Final Rule Is Arbitrary and Capricious and Contrary to Law.

The 2024 Final Rule embodied a profound, unjustified departure from the longstanding regulatory scheme and threatened severe consequences for the domestic energy industry, the U.S. economy, and the American people. If ever enforced, a court will set it aside as unlawful under the Administrative Procedure Act because it is "arbitrary, capricious, an abuse of discretion, [and] otherwise not in accordance with law." 5 U.S.C. § 706(2).

First and foremost, the 2024 Final Rule is contrary to law because it exceeds the agency's statutory authority. In OCSLA, Congress sought to make OCS oil and natural gas resources "available to meet the Nation's energy needs as rapidly as possible." 43 U.S.C. § 1802(2). OCSLA directs that the OCS "be made available for expeditious and orderly development, subject to environmental safeguards, in a manner which is consistent with the maintenance of competition and other national needs." *Id.* § 1332(3). Courts have thus long recognized that OCSLA enacts an "overriding policy of expeditious development." *Ensco Offshore Co. v. Salazar*, 781 F. Supp. 2d 332, 339 (E.D. La. 2011); *see also Gulf Restoration Network v. Haaland*, 47 F.4th 795, 800 (D.C. Cir. 2022) ("Interior has a statutory obligation to make the Shelf available for development to meet national energy needs."). BOEM nevertheless claimed that certain provisions authorize the 2024 Final Rule, *see* 89 Fed. Reg. at 31546 (citing 43 U.S.C. §§ 1334(a) and § 1334(b)), even as it acknowledged that

[10] U.S. Energy Information Administration, *Country Analysis Brief: Russia*, at 1 (July 24, 2025), https://perma.cc/J7ZF-SVAP.

the rule may "adversely affect in a material way the productivity, competition, or prices in the energy sector." 89 Fed. Reg. at 31585. But the cited sections simply authorize the Secretary to enact rules that are "necessary and proper" to further OCS leasing. They do ***not*** delegate the power to radically reshape the oil and gas industry by imposing unprecedented and unnecessary financial assurance requirements.

Significantly, no statute explicitly gives BOEM the authority to require supplemental financial assurance. This is in contrast to other statutes that *do* authorize agencies to issue financial assurance requirements. *See*, *e.g.*, 30 U.S.C. § 226(g). But whatever authority BOEM may have to require some minimal level of targeted supplemental financial assurance, such authority cannot justify the 2024 Final Rule. That's because when an administrative action threatens impacts of great "economic and political significance," "clear congressional authorization" is required. *West Virginia v. EPA*, 597 U.S. 697, 721–23 (2022). Under the "major questions doctrine," a "colorable textual basis" is insufficient to "empower an agency to make a 'radical or fundamental change' to a statutory scheme." *Id.* at 722–23. In *West Virginia*, the major questions doctrine applied to (and required invalidating) a rule that would have imposed billions of dollars in compliance costs, retired dozens of power plants, and eliminated tens of thousands of jobs. *Id.* at 714. As discussed *supra* at Section I and *infra* at Section V(B), the 2024 Final Rule imposes precisely those kinds of costs. In light of the substantial financial, economic, and national security impacts of the 2024 Final Rule and BOEM's lack of any clear statutory authority, the 2024 Final Rule exceeds BOEM's authority and can never be implemented.

The 2024 Final Rule is also contrary to law because BOEM has authority to issue only those regulations that are "necessary and proper in order to provide for the prevention of waste and conservation of the natural resources" of the OCS. 43 U.S.C. § 1334(a). And this limitation "at a minimum requires that [the Rule's] benefits reasonably outweigh its costs." *Mexican Gulf Fishing Co. v. U.S. Dep't of Com.*, 60 F.4th 956, 965 (5th Cir. 2023) (interpreting similar "necessary and appropriate" language). BOEM has never explained how the 2024 Final Rule's expected costs are reasonably related to its expected benefits. To the contrary, BOEM calculated that while the rule will impose $5.9 billion to $8.5 billion in costs over twenty years, 89 Fed. Reg. at 31564, the quantitative benefit of the 2024 Final Rule is "N/A." *Id.* at 31575.[11]

The 2024 Final Rule is also arbitrary and capricious for a host of reasons—it fails to account for "relevant factor[s]" in the statutory scheme, *Louisiana v. Dep't of Energy*, 90 F.4th 461, 469 (5th Cir. 2024); it fails to identify a true benefit of the rule, *see Chamber of Com. v. SEC*, 85 F.4th 760, 777–79 (5th Cir. 2023); it fails to consider important aspects of the problem allegedly being solved, including the surety market's inability to provide the requisite amount of financial assurance and the rule's impact on government royalties, *see id.* at 777; it arbitrarily targets small companies; it ignores the reliance interests of industry participants, *see DHS v. Regents of the Univ. of Calif.*, 591 U.S. 1, 30–33 (2020); it fails to acknowledge or explain the agency's change in position regarding joint and several liability, *see Encino Motorcars, LLC*, 579 U.S. at 221–22; it fails to make a reasonable, good-faith effort to comply with the Regulatory Flexibility Act, *see Alenco Commc'ns v. FCC*, 201 F.3d 608, 625 (5th Cir. 2000); it fails to acknowledge and respond to significant points in comments the agency received, *see Mexican Gulf Fishing Co.*, 60 F.4th at

[11] The Associations support BOEM's use of the 2003 OMB Circular A-4, "*Regulatory Analysis*," in both the 2024 and 2026 RIAs.

971; it is pretext for enacting a specific climate-change agenda, *see Dep't of Com. v. New York*, 588 U.S. 752, 780–85 (2019); and it violates due process by imposing an appellate bond requirement that forecloses any opportunity for meaningful review.

By any measure, the 2024 Final Rule is unlawful and will not survive judicial review. The Department of the Interior is wise to change course.

## IV. The Associations Endorse the Proposed Rule's Major Components, With One Minor Modification.

The Proposed Rule accepts the 2024 Final Rule as a baseline and proposes four major amendments to it:

(1) Returning to the previous BOEM practice of considering the financial strength of jointly and severally liable predecessor lessees and grant holders;

(2) Revising the credit rating threshold when determining whether oil, gas, and sulfur lessees, RUE grant holders, and pipeline ROW grant holders on the OCS are required to provide supplemental financial assurance above the required general financial assurance amount;

(3) Revising the decommissioning estimate used to determine the amount of supplemental financial assurance required; and

(4) Revising the appeals bond provision related to the IBLA appeal procedures.

*See, e.g.*, 91 Fed. Reg. at 11213. The Associations support the first, second, and fourth major components as BOEM presents them, and the third major component with a minor modification expounded on below.

But before outlining those specifics, the Associations note that each proposed amendment furthers Congress's commands and complies with applicable legal requirements because the Proposed Rule analyzes a different question than the 2024 Final Rule answered. As the Proposed Rule repeatedly recognizes, supplemental financial assurance rules should identify what levels are necessary to "protect[] … the American taxpayers from exposure to loss associated with OCS development, while ensuring that the financial assurance program does not detrimentally affect offshore investment or position American offshore exploration and production at a competitive disadvantage." *Id.* at 11216; *see also id.* at 11218 ("BOEM's goal for its financial assurance program continues to be the protection of the American taxpayers from exposure to financial loss associated with OCS development, while ensuring that the financial assurance program does not detrimentally affect offshore investment or position American offshore exploration and production companies at a competitive disadvantage."); *id.* at 11222 (same). Contrast that with the 2024 Final Rule, which focused myopically on only the first half of that inquiry. As a result, the 2024 Final Rule required almost $7 billion in additional supplemental financial assurance. 89 Fed. Reg. at 31544 ("BOEM estimates that a total of $6.9 billion in new supplemental financial assurance will be required …."). If ever imposed, that crushing burden (in response to a phantom problem) would decimate a substantial segment of the oil and gas industry, thwarting Congress's goals of expeditious OCS development and American energy security. *See, e.g.*, 43 U.S.C. § 1332(3).

### A. The Proposed Rule properly restores and accounts for the longstanding federal joint-and-several liability framework.

The Associations fully support BOEM's proposal to consider the financial strength of predecessors when determining whether a current lessee or grant holder must provide supplemental financial assurance. 91 Fed. Reg. at 11220. This change corrects the error in the 2024 Final Rule's refusal to give effect to preexisting and longstanding federal rules that make "a lessee that transfers its interest to another party … liable for any unperformed decommissioning obligations that accrued prior to, or during, the time that the lessee owned an interest in the lease." *Id.* (citing 30 C.F.R. § 556.710).

The Proposed Rule correctly acknowledges "the protection provided by joint and several liability," *id.* at 11215, which has "traditionally" been a "significant component of BOEM's financial assurance program," *id.* at 11218. The industry has organized itself around this framework for decades. Billions of dollars of transactions have been consummated in reliance upon this principle. Accordingly, adopting this component of the Proposed Rule will give effect to the settled commercial expectations in the regulated community: that any decommissioning regulations will look to the creditworthiness of *all* current owners *and* predecessors to secure decommissioning responsibilities.

After all, for decades the joint-and-several liability framework has successfully accomplished both halves of BOEM's overarching goal: protecting the American taxpayer while allowing OCS development to flourish without competitive disadvantages. *Id.* at 11216. The best example among many might be the recent bankruptcy of Fieldwood Energy. *See* Case No. 20-33948 (S.D. Tex. 2020). According to the government's claims there, Fieldwood carried over $7 billion in decommissioning liability, corresponding to hundreds of wells and platforms. How much of that was passed to American taxpayers in Fieldwood's bankruptcy? None. Not one dollar. Instead, BSEE issued decommissioning orders to predecessors of certain abandoned properties, who took responsibility for maintenance and monitoring of the properties and performing the decommissioning. Still other properties were sold to a more financially secure party who assumed the decommissioning liability on the properties purchased. In short, even in the largest bankruptcy in the history of the U.S. offshore oil and gas industry, existing joint-and-several liability regulations worked exactly as intended—they ensured that American taxpayers incurred *zero* decommissioning costs.

It should be no surprise that joint-and-several liability regulations work as intended. In almost every instance, one of the major oil and gas companies will be present as a predecessor owner or lessee in the chain-of-title. Those companies are some of the largest and most sophisticated corporations in the world. They have an average net worth of $346 billion.[12] And they negotiated arm's-length transactions to sell their offshore properties with full knowledge that federal law imposed on them ongoing decommissioning liability. The 2024 Final Rule's requirement that independents post supplemental bonds *even when* one of these large companies stands in the chain of title benefits only the major oil and gas companies, to the detriment of independents and continued development of the OCS.

[12] This figure represents this week's average market cap of Exxon Mobil Corporation, British Petroleum, Shell, and Chevron Corporation.

The Proposed Rule's return to giving full effect to joint and several liability is also grounded in equity. Major oil and gas companies profited enormously from developing offshore oil and gas fields by drilling wells and installing offshore infrastructure. In fact, most existing offshore platforms and structures were installed by major oil and gas companies. Those predecessors further profited by selling their properties to independent companies. No one should begrudge the fact that the majors made money this way; their successes are a testament to American enterprise and should be celebrated for providing goods and services that power the United States economy. But longstanding baseline rules imposing joint and several liability for decommissioning the offshore infrastructure producers have installed form a key part of the bargain they accepted when consummating these transactions. And when negotiating transactions to sell their mature infrastructure to independents, each seller had to choose how much decommissioning security to require from the buyer. In every transaction, the seller decided either to maximize the sales price, thereby reducing the decommissioning security issued to the seller by the buyer, or to maximize the decommissioning security, thereby reducing the sales price. As a result of these transactions, industry has posted billions in private bonds and security. The Proposed Rule merely implements a schoolyard maxim: a deal's a deal. Making clear that predecessors remain jointly and severally liable for their decommissioning obligations if a current owner defaults on its decommissioning responsibilities is as fair as the predicate conditions that launched the offshore oil and gas industry in the first place.

BOEM's Regulatory Impact Analysis claims that major producers began regularly "protecting themselves from their potential future liability when selling assets to weaker companies" only in 2014. Regulatory Impact Analysis ("2026 RIA") at 44. That is simply incorrect. Even if it became more common for sellers to demand decommissioning accounts or other risk management tools after the 2014 decline in oil prices, sellers had *always* accounted for their potential future liability, usually in the form of higher sales prices. That means BOEM errs by characterizing the Proposed Rule as a "transfer," *id.* at 43, from current lessees to predecessors. The predecessors were handsomely compensated for the undisputed continued risk of decommissioning liability.

Properly understood, the 2024 Final Rule would have given a massive windfall to predecessors in the chain of title. The 2024 Final Rule ignored the billions in existing private security and would have re-traded decades' worth of transactions to shield large, multi-national companies that voluntarily elected to maximize sales prices rather than demand more security from their buyers. Indeed, the 2024 Final Rule would have required independent oil and gas companies to issue double bonds on many properties. *Re*-compensating major oil and gas companies—who knew they retained liability for decommissioning when they entered into sales agreements—amounts to nothing more than picking winners and losers. This was an unlawful use of federal rulemaking and failed to advance taxpayer interests. The Associations applaud the Department of the Interior for returning to the industry's bedrock principle of joint and several liability through the Proposed Rule.

### B. The Proposed Rule correctly adopts a more appropriate credit rating threshold.

The Associations also agree with BOEM's proposal to lower the credit rating threshold that triggers supplemental financial assurance requirements from BBB- to BB- (for S&P). 91 Fed. Reg. at 11223. As BOEM notes, based on a 43-year historical average, this increases the risk that an

OCS operator will default within the next year from 0.21 percent to 0.87 percent. *Id.* On its face, this is not a significant increase in risk; in both cases, the chances of a default within a year remain less than 1 percent. But even the 0.87 percent figure exaggerates the amount of additional decommissioning liability that might accrue from this credit-rating change. That's because a default does not equate to zero recovery for the taxpayer, for the following reasons.

First, a default is not a total loss. S&P Global Ratings generally records a default on the first occurrence of payment default on any financial obligation. A debtor is considered in default unless Standard & Poor's believes that curing payments will be made within five business days of the due date in the absence of a stated grace period, or within the earlier of the stated grace period or 30 calendar days. If a debtor is in default, the rating agency may also assess recovery, which is the likelihood that investors will recoup the unpaid portion of their principal in the event of default. The concept of default and recovery are separate and distinct. Default refers to both the timeliness of ongoing debt service, i.e., interest and amortization of principal, while recovery refers to the recovery of principal upon a default. Put simply, a default does not mean that no one will recover. For example, the only two BB-rated companies that went bankrupt within a year of losing their BB rating were able to "successfully reorganiz[e] in Chapter 11 without relinquishing decommissioning liability." *Id.*

Second, the joint-and-several liability framework continues to protect the taxpayer. So even if a current owner with a credit rating less than BBB- (the 2024 Final Rule's high threshold) is unable to cover all its decommissioning costs, predecessors in the chain-of-title will still be able to fill any gap. This system has resulted in an OCS recovery rate on decommissioning liability of almost 100%, with minimal loss to the taxpayer. In fact, less than 1% of the $17 billion in offshore decommissioning liabilities related to OCS bankruptcies since 2009 were unrecovered, and *all* these costs were associated with "sole liability" properties, or those without any predecessor in the chain of title.[13] And the Associations agree those companies should have been covered by supplemental financial assurance.

Finally, the market capitalization for public companies in the offshore industry rated BB- to BB+ is approximately $100 billion.[14] That suggests significant creditworthiness when compared to the amount of potential decommissioning liability each company holds. The Proposed Rule's credit rating strikes the right balance between hedging against decommissioning risk and encouraging OCS development.

### C. A point for improvement: BOEM should bifurcate the metric of decommissioning estimation between shallow-water and deepwater properties, using P50 for the former and the lessee's calculations for the latter.

The main item that can be improved in the Proposed Rule involves its third major component—its proposed formula for calculating the amount of any required supplemental financial assurance.

[13] The only possible exception may prove to be the contested Signal Hill bankruptcy, but BSEE has ordered predecessors ConocoPhillips, Devon, and Occidental to pay those costs. *See* BSEE Order dated November 6, 2020 concerning the decommissioning of Lease OCS-P 0166. If that order is upheld, it will prevent any costs from falling to the taxpayer.

[14] Significantly, this cohort's market capitalization has gone down because several of its former members exited the pool after receiving substantial credit upgrades or being acquired by investment-grade companies.

BSEE uses a proprietary probabilistic algorithm to determine decommissioning liability based on current and historical decommissioning cost data. This probabilistic model generally works well for shallow-water (200m and less) properties because BSEE can rely on substantial data amassed over many years. But the model does not work well for deepwater (beyond 200m) properties due to the lack of data available for BSEE to review. The Associations maintain their position that BSEE should use its existing probabilistic formula for calculating shallow-water decommissioning liability while using a lessee's data for calculating deepwater decommissioning liability.

A deepwater lessee has intimate knowledge of its wells and infrastructure. Accordingly, BSEE should use the lessee's audited asset retirement obligation ("ARO") calculation made in accordance with Generally Accepted Accounting Principles ("GAAP"). As BOEM previously recognized, "audited financial statements, prepared in accordance with [GAAP] and accompanied by an auditor's certificate, provide an accurate representation of the company's economic position and operational performance." *Risk Management and Financial Assurance for OCS Lease and Grant Obligations*, 88 Fed. Reg. 42136, 42143 (Jun. 29, 2023) ("2023 Proposed Rule").

Many examples exist across the federal regulatory landscape showing that agencies rely on audited financial statements prepared in accordance with GAAP.[15] Beyond that, lessees are in the best position to understand the current status of wells, the unique characteristics of their deepwater assets, and the idiosyncratic nature of their infrastructure, all of which may affect decommissioning estimates. In short, lessees' bespoke estimates made in accordance with GAAP and audited by independent third-party firms are the best source for estimating the decommissioning liability of deepwater properties.

In contrast, for shallow-water properties, BSEE's vast database supports a viable probabilistic estimate methodology. For these, the Associations agree that BSEE should use the P50 value to establish the decommissioning estimate for purposes of supplemental bonding. *See* 91 Fed. Reg. 11222. To be clear, while the P50 value means that the actual decommissioning costs will be lower or higher than the value 50% of the time, the P50 value covers the entire amount of the total decommissioning liability across properties. Accordingly, P50 adequately and accurately captures a lessee's total decommissioning liability.

For both shallow-water and deepwater properties, the final rule should also include an informal adjudication procedure (short of an appeal to the Interior Board of Land Appeals) in the event of a dispute between the lessee and BOEM on the estimated decommissioning liability. Because BOEM relies on BSEE decommissioning estimates, the informal adjudication process should involve both BOEM and BSEE.[16] The adjudication should include an expeditious process based on the weight of the evidence presented by the lessee. The lessee's right to file an appeal with the IBLA following the informal appeal should be preserved.

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[15] *See*, *e.g.*, Royalty Valuation Regulations, 30 C.F.R. § 1206.161(i)(1) ("You must determine the processing allowance for each gas plant product based on your or your affiliate's reasonable and actual cost of processing the gas. You must base your allocation of costs to each gas plant production upon generally accepted accounting principles."); Net Profit Share Regulations, 30 C.F.R. § 1220.032(c) ("Inventory shall be valued with any generally accepted accounting method used by the lessee to value the same materiel for financial or tax reporting purposes, provided that the method is consistently applied throughout the life of the materiel.").

[16] The Associations expect this will occur naturally once BOEM and BSEE merge into the Marine Minerals Administration. Department of the Interior, *Department of the Interior Begins Transition to Marine Minerals Administration* (April 3, 2026), https://perma.cc/L958-WD8L.

### D. The Proposed Rule correctly removes the appeal bond requirement.

The 2024 Final Rule foreclosed any meaningful ability to obtain review of a supplemental financial assurance demand letter through the IBLA. It required a lessee to post an appeal bond in the amount of the demanded decommissioning liability should it wish to appeal a supplemental financial assurance demand. 89 Fed. Reg. at 31560. But appeal bonds are provided by the same market that supports surety bonds generally. So for the same reasons surety capacity does not exist to support the 2024 Final Rule, appeal bond capacity does not exist, making an appeal under the 2024 Final Rule effectively unobtainable.

The Proposed Rule's fourth major component—eliminating the appeal bond requirement—resurrects the slain IBLA appeal process. The Associations wholeheartedly endorse it. This component cures the serious due process concerns looming over the 2024 Final Rule's IBLA appeal process.

## V. Responses to BOEM's Other Requests for Comments.

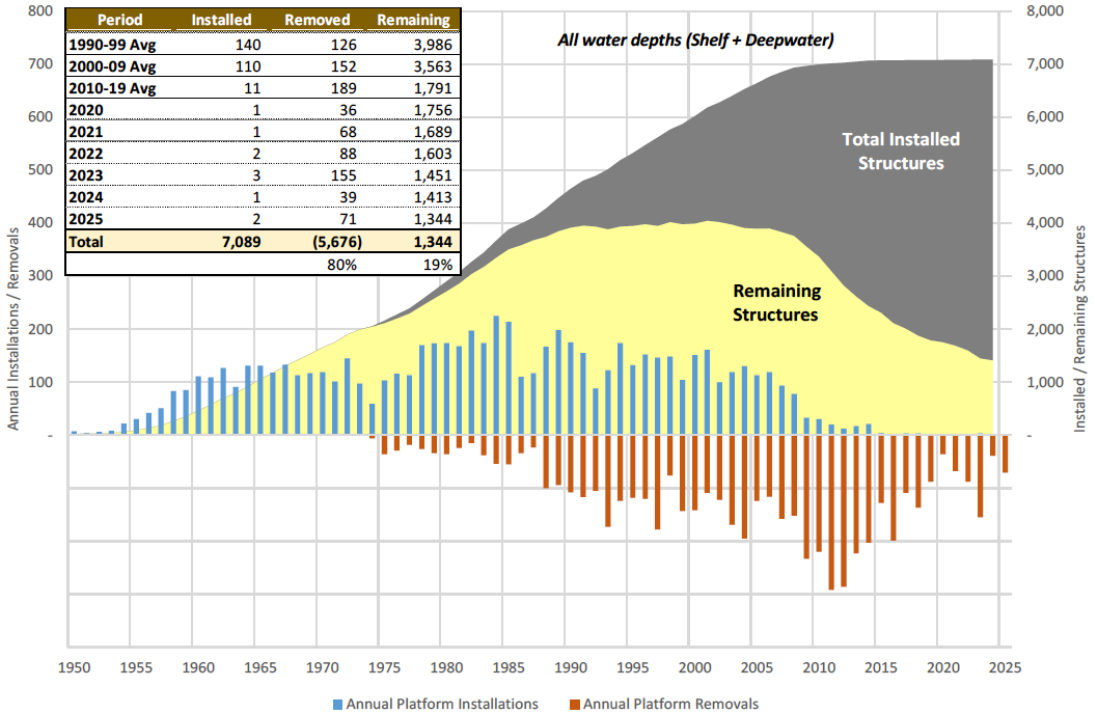
### A. The Proposed Rule recognizes the government's decommissioning exposure is limited and rapidly declining.

The benefits of the Proposed Rule's changes become even more apparent when considering the limited and rapidly declining nature of the government's potential OCS decommissioning liability.

First, the government's total decommissioning liability is rapidly declining, as shown in the charts below. As of December 31, 2025, BSEE data indicated that just 1,344 of the 7,089 platforms ever installed in the GOA, and just 5,646 of the nearly 49,000 wells drilled in the GOA remained. Put another way, over 80% of platforms and nearly 90% of wells in the GOA have already been decommissioned. This undisputed evidence confirms that oil and gas companies are fulfilling their decommissioning obligations and the total decommissioning liability faced by the government is being reduced year-by-year—facts the 2024 Final Rule failed to recognize. Ironically, by imposing billions of dollars in additional costs, implementing the 2024 Final Rule would have *decelerated* decommissioning by diverting finite capital to newly required bonding. Those substantial financial burdens, in turn, would have increased the risk of default.

# Gulf of America: Platforms Since 1950

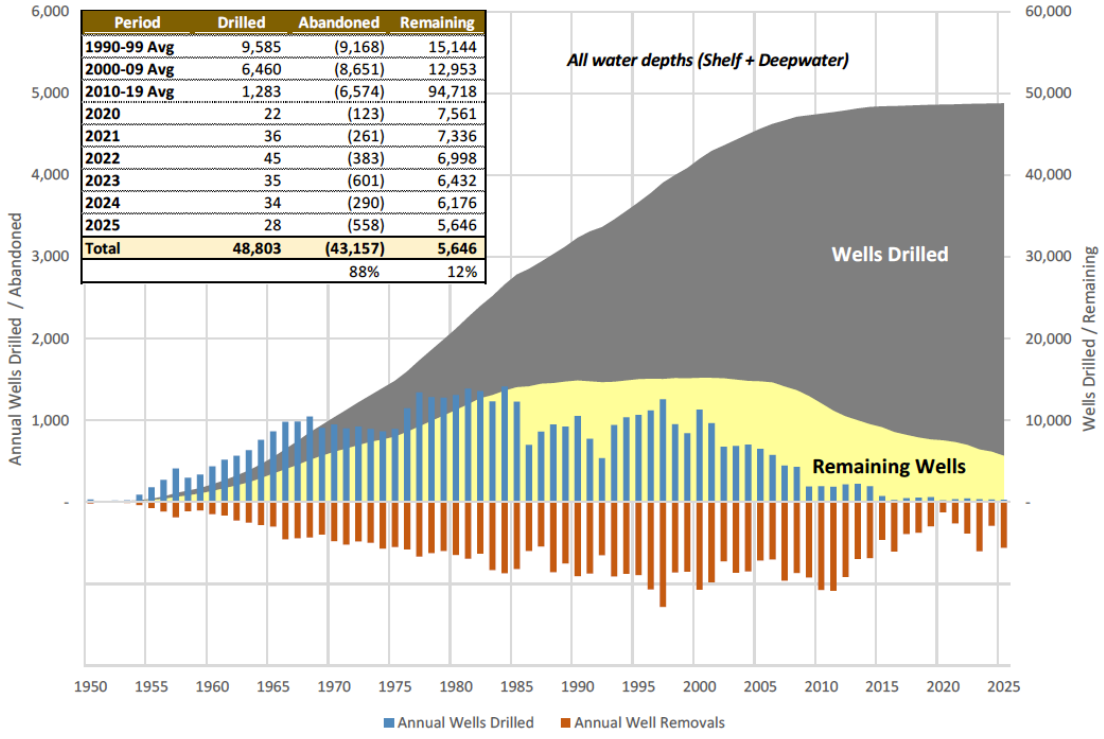
| Period | Installed | Removed | Remaining |
|---|---|---|---|
| 1990-99 Avg | 140 | 126 | 3,986 |
| 2000-09 Avg | 110 | 152 | 3,563 |
| 2010-19 Avg | 11 | 189 | 1,791 |
| 2020 | 1 | 36 | 1,756 |
| 2021 | 1 | 68 | 1,689 |
| 2022 | 2 | 88 | 1,603 |
| 2023 | 3 | 155 | 1,451 |
| 2024 | 1 | 39 | 1,413 |
| 2025 | 2 | 71 | 1,344 |
| Total | 7,089 | (5,676) | 1,344 |
| | | 80% | 19% |




***Source:*** *Bureau of Safety and Environmental Enforcement, data through December 2025*

# Gulf of America: Wells Since 1950

| Period | Drilled | Abandoned | Remaining |
|---|---|---|---|
| 1990-99 Avg | 9,585 | (9,168) | 15,144 |
| 2000-09 Avg | 6,460 | (8,651) | 12,953 |
| 2010-19 Avg | 1,283 | (6,574) | 94,718 |
| 2020 | 22 | (123) | 7,561 |
| 2021 | 36 | (261) | 7,336 |
| 2022 | 45 | (383) | 6,998 |
| 2023 | 35 | (601) | 6,432 |
| 2024 | 34 | (290) | 6,176 |
| 2025 | 28 | (558) | 5,646 |
| Total | 48,803 | (43,157) | 5,646 |
| | | 88% | 12% |




***Source:*** *Bureau of Safety and Environmental Enforcement, data through December 2025*

Second, the only decommissioning costs that the government has ever assumed all arisen from one discrete class of properties: "sole liability" properties.[17] And a recent study by Opportune LLP, a leading business advisory firm, found that the net present value of decommissioning costs associated with such properties is just $24 million.[18] Notably, this "is miniscule compared to the ~$5.8 billion of FY 2025 offshore GOA royalties and other revenues reported by Interior's Office of Natural Resources Revenue."[19]

Of course, the Proposed Rule appropriately targets the specific class of properties presenting actual taxpayer risk—those whose current lessee fails the BB-/Ba3 credit-rating threshold, whose proved reserves fall short of the 3:1 ratio to BSEE's P50 decommissioning cost estimate, and whose chain of title contains no co-lessee or predecessor meeting the same credit threshold. Simply put, the Proposed Rule still protects the taxpayer.

The Proposed Rule halts the unjustified attack on owners of oil and gas properties with financially strong predecessors and correctly focuses the agency on those owners of certain sole-liability properties, and others without a financially strong co-owner or predecessor-in-title.

### B. The Proposed Rule will lead to more OCS investment, not less.

The Associations can confirm BOEM's expectation that the Proposed Rule will mean "less capital will be tied up in financial assurance," which will "lead to more development on the OCS, which [will] lead to more job creation, and higher production of oil and gas from the OCS." 91 Fed. Reg. at 11226. In fact, Opportune estimates that the Proposed Rule will allow small independents to save and invest approximately $362 million per year.[20] Over ten years, the Proposed Rule would create 50,500 jobs, increase federal royalties by $777.5 million, and increase GDP by as much as $14.1 billion.[21]

Contrast that with the 2024 Final Rule, which if fully implemented, would have decimated independent oil and gas production in the OCS. The 2023 Opportune Study determined that the proposed version of the 2024 Final Rule would have resulted in $2.8 billion in lost revenue over ten years—along with a loss of 55 million of barrels of oil equivalent, 36,000 jobs, $573 million in federal royalties, and $9.9 billion of GDP.[22] And even if some independent companies had managed to survive those conditions, they would have been forced to divert substantial capital away from additional investments in production and instead into bonding properties already protected by a financially strong co-owner or predecessor-in-title (and in many instances, already covered by private bonds). BOEM itself estimated that the 2024 Final Rule would have increased

[17] Again, the only possible exception is if BSEE's orders regarding the Signal Hill bankruptcy are not upheld. Even if they are not, the Proposed Rule will prevent taxpayers from bearing the costs in any similar scenario in the future.
[18] Opportune LLP, *Cost-Benefit Analysis: New Surety Guidelines for Sustainable GOA Development*, at 6–7 (May 14, 2026), https://perma.cc/PG7T-J673, attached hereto as Exhibit A. Opportune based its analysis on BSEE data, discounting the estimated future costs back to today's present value. In other words, Opportune used the ARO of the future plugging and abandonment costs.
[19] *Id.* at 7.
[20] *Id.* at 8.
[21] *Id.*
[22] Opportune LLP, *A Cost-Benefit Analysis of Increased OCS Bonding*, at 24 (July 13, 2023), https://perma.cc/LYW3-NM2P.

compliance costs for smaller OCS companies by $421 million annually. 89 Fed. Reg. at 31546. By abandoning that misguided approach, the Proposed Rule will assuredly lead to additional development on the OCS.

And because those financially strong predecessors already accounted for their decommissioning liability, BOEM errs by suggesting that the Proposed Rule could negatively affect OCS investment by forcing predecessors to set aside "additional" contingency funds or forgo farm-in or farm-out deals, 91 Fed. Reg. at 11237; 2026 RIA at 8, 55, or that there may be unintended "additional impacts" for financially strong predecessors. 91 Fed. Reg. at 11228. As explained, the majors sold their properties knowing full well that they remained jointly and severally liable for their decommissioning obligations. Their potential decommissioning obligations have long been baked into their business models. For the same reason, independents did *not* bake the 2024 Final Rule's supplemental financial assurance costs into their business models. So while the 2024 Final Rule *did* significantly harm OCS investment by threatening existential new financial obligations for independents, the Proposed Rule does *not* threaten to impose any costs on the majors that they have not already accounted for when divesting their properties. The majors have nothing "additional" to hedge against because the Proposed Rule simply returns the industry to the status quo ante. Predecessors will remain jointly and severally liable for their decommissioning costs, as they always have been.

Nor does any evidence support BOEM's suggestion that the Proposed Rule could theoretically leave the government exposed if the entire OCS oil and gas industry were to go belly-up at once. *See* 2026 RIA at 27–28 (stating BOEM "could overstate the effectiveness of predecessor liability in mitigating risk because the default risks faced by OCS oil and gas operators are interconnected" and "default risk is primarily driven by fluctuations in commodity prices which would impact the financial health of all operators simultaneously"). First, no such thing has occurred in the 79-year history of GOA oil and gas development—which included a black swan event in the form of the COVID-19 global pandemic. In the entire history of the OCS's joint-and-several liability regime, the industry as a whole has passed on to the taxpayer a total of approximately $109 million in decommissioning costs.[23] It would defy reason to forgo the Proposed Rule's immense benefits for fear of a hypothetical situation in which both independents *and* jointly-and-severally liable major oil and gas companies become unable to cover decommissioning costs. In any event, this unrealistic and remote possibility provides no reason for refusing to adopt the Proposed Rule. That hypothetical could occur in *any* financial assurance regime. Under the 2024 Final Rule, for example, the government will still be left holding the bag if the independents and the majors both falter together.

### C. The Proposed Rule's return to the status quo does not create moral hazard.

The 2024 Final Rule rested in part on speculation that basing a financial assurance regime on the decades-old joint-and-several liability framework would somehow create a previously unknown "moral hazard" risk from independent producers. *See*, *e.g.*, 88 Fed. Reg. 42159–60. For reasons unknown, this baseless assertion continues to rear its ugly head. *See* 91 Fed. Reg. at 11228 (seeking comments on whether the Proposed Rule's return to reliance on predecessors "increases the moral

[23] Exhibit A at 4. The study further notes that $82.3 million of this $109 million dates from bankruptcies filed in 2023 and 2024—when the threat of the 2024 Final Rule was chilling the surety bond market. *Id.* Had BOEM's 2020 Proposed Rule been finalized, the surety market may have been able to help avoid those bankruptcies. *Id.*

hazard risk of current … lessees and grant holders diverting capital to activities other than pending decommissioning obligations"); 2026 RIA at 6–7, 28, 39, 41. BOEM should affirmatively and finally reject this unsupported musing and any conclusion based on it.

First, this bears repeating: The Proposed Rule does not place any new obligations on anyone. Under the Proposed Rule, "transferor liability applies[] … only to those obligations existing at the time of transfer." 91 Fed. Reg. at 11220. In other words, majors do not bear liability for decommissioning "[n]ew facilities, or additions to existing facilities, that were not in existence at the time of any lease transfer …." *Id.* In short: If you drill it, you plug it. If you build it, you take it down. The Proposed Rule creates no moral hazard by asking producers to do what they've already agreed to do.

Second, BOEM (once again) offers no evidence that current lessees are abandoning decommissioning liability for structures for which the majors remain liable as predecessors-in-interest. They do not because they cannot: Independents *are* meeting their plug-and-abandonment obligations and methodically removing the structures that were largely installed and used many years ago by predecessor owners. Again, as of 2025, over 5,600 of the approximately 7,000 installed platforms—or more than 80%—had been decommissioned. *Supra*, at Section V(A). Since 2020, an average of 76 platforms have been decommissioned every year. In other words, oil and gas companies continue to fulfill their obligations to remove these structures. They aren't leaving American taxpayers to foot the bill. Again, less than 1% of the $17 billion in offshore decommissioning liabilities related to OCS bankruptcies since 2009 were not recovered, and *all* of those were associated with sole-liability properties.

Third and finally, the "moral hazard" argument ignores the undisputed fact that in the joint-and-several liability regime, independents already *have* internalized the costs associated with any perceived unwillingness or inability to responsibly decommission. In every transaction, the independent buyer paid the major seller a price commensurate with its risk profile. If an independent was perceived as an insufficiently reliable decommissioning partner, the major had the option to demand either a higher sales price or additional financial assurance from the independent. If a major was not satisfied, it also could refuse to consummate the transaction and sell instead to a more responsible entity. It is nonsensical to argue that returning the parties to the very position they were in before the 2024 Final Rule will create risks that the parties have long internalized under the longstanding joint-and-several liability regime. And it ignores that the joint-and-several liability regime incentivizes independents to remain reliable decommissioning partners, so as not to jeopardize future transactions with the majors.

In short, BOEM cites no evidence that the Proposed Rule's return to the status quo ante will somehow alter the independents' (or the majors') decades-long behavior, let alone in ways that increase a risk of moral hazard. Adopting the Proposed Rule and expressly returning to the prior regime will mean only that the majors and independents will continue to factor decommissioning risk into their transactions—without the unnecessary, unfair, and nonsensical supplemental financial assurance requirements the 2024 Final Rule sought to impose for the benefit of the majors.

### D. If anything, the Proposed Rule underestimates its benefits.

At a few junctures, BOEM states either that it cannot quantify the benefits of certain aspects of its Proposed Rule or that it expects certain provisions to have only marginal effects. But the reality is that even these apparently minor provisions will have enormous benefits for state governments, OCS development, and the American people.

For example, BOEM claims that the Proposed Rule "will not have substantial direct effects on the States." 91 Fed. Reg. at 11236. While the Associations agree that the Proposed Rule does not warrant a federalism impact statement,[24] the Proposed Rule will have a massive and direct beneficial impact on the states in the form of increased royalty payments. Had the 2024 Final Rule been enforced, independent oil and gas production would have collapsed, leading to large and unexpected shortfalls in state revenues. By contrast, the Proposed Rule will ensure that independent producers continue to operate and pay an estimated $360 million annually in state revenue-sharing through 2040.[25]

BOEM also claims that it "does not anticipate" that the Proposed Rule's elimination of the appellate bond requirement or increased options for short-term decommissioning obligations will "be of any significance." *Id.* at 11226. But the Associations can confirm that both changes will directly and beneficially support OCS investment. The appellate bond requirement of the 2024 Final Rule all but ensured that an initial financial assurance determination would be a final determination, as surety market realities would have made it all but impossible for companies to post appeal bonds in the amount of their estimated decommissioning liability. To be sure, the Proposed Rule ensures fewer companies will ever be unfairly hit with additional financial assurance requirements in the first place. But removing the appellate bond requirement will allow any companies that wish to appeal a supplemental financial assurance demand order to continue their GOA capital investments while obtaining a meaningful opportunity for review. Similarly, allowing companies to simply provide a third-party decommissioning contract or schedule, *id.* at 11227, rather than being required to post an expensive (and perhaps unobtainable) supplemental financial assurance bond will allow companies to dedicate their limited capital resources to actual decommissioning. This will both speed up the decommissioning process and avoid unnecessarily handicapping stable independent oil and gas companies.

## VI. Conclusion

In summary, the Proposed Rule will:

- Provide regulatory certainty;
- Provide relief to smaller, creditworthy independent oil and gas companies;
- Require the appropriate amount of financial assurance from those companies that do need

[24] The Associations also agree with BOEM that a National Environmental Policy Act analysis is not required. 91 Fed. Reg. at 11235. The Proposed Rule addresses how to cover the cost of decommissioning existing infrastructure—not the permitting of new leases and grants or the construction of new platforms and wells. In other words, this is a regulation "of an administrative, financial, legal, technical, or procedural nature." 43 C.F.R. § 46.210(i).

[25] Energy & Industrial Energy Partners, *The Economic Impacts of a Consistent Offshore Oil and Natural Gas Legislated Leasing Program*, at 5 (January 2025), https://perma.cc/A3SP-QGRB.

to provide it;

- Remove a costly and unjust appellate bond requirement;
- Once again rely on the joint-and-several liability system that has protected taxpayers for decades;
- Allow small independents to save and invest approximately $362 million per year;[26]
- Create 50,500 jobs over ten years;[27]
- Increase federal royalties by $777.5 million over ten years; [28] and
- Increase GDP by as much as $14.1 billion over ten years. [29]

To assist BOEM in visualizing these benefits, the scope of actual taxpayer risk, and the superiority of the Proposed Rule over the 2024 Final Rule, the Associations respectfully submit the attached charts for the agency's review. *See* Exhibit B.

Again, the Associations applaud BOEM for reversing course on the disastrous 2024 Final Rule and addressing the important issue of financial assurance in a way that comports with congressional commands and the historical record. The Associations agree that BOEM's approach under the Proposed Rule is well-founded and consistent with the law. Like prior regulations it mirrors that have existed for decades, the Proposed Rule properly balances relevant risks to achieve the goal of protecting U.S. taxpayers from responsibility for decommissioning liability while still promoting continued OCS development. The Associations urge the Department of the Interior to promptly issue the Proposed Rule as a final rule, with the minor modifications discussed above.

Respectfully Submitted,

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[26] Exhibit A at 8.
[27] *Id.*
[28] *Id.*
[29] *Id.*

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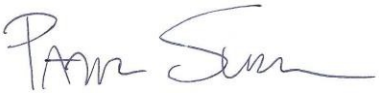

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